

**BEFORE FEDERAL TRADE COMMISSION**

**In the Matter of**

follows:<sup>1</sup>

1. Respondents deny each and every allegation of Paragraph 1 of the Complaint.
2. Admitted.
3. Admitted, except that the zip code for Dr. Deekens is 28655.
4. Respondents admit that PHA has facilitated contracting between its members and payors. Respondents deny each and every remaining allegation of Paragraph 4 of the Complaint.
5. Admitted.

[REDACTED]

7. Admitted.
8. Respondents lack knowledge and information sufficient to form a belief as to the truth of the allegations of Paragraph 8 and, on that basis, deny such allegations

9. Respondents lack knowledge and information sufficient to form a belief as to the truth of the allegations of Paragraph 9 of the Complaint and, on that basis, deny each such

allegation.

12. Respondents lack knowledge and information sufficient to form a belief as to the truth of the allegations of Paragraph 12 of the Complaint and, on that basis, deny each such allegation.

13. Respondents lack knowledge and information sufficient to form a belief as to the truth of the allegations of the first sentence in Paragraph 13 of the Complaint and, on that basis, deny each such allegation. Respondents deny each and every remaining allegation in Paragraph 13 of the Complaint.

14. Respondents PHA, Dillon, Guttler, Harvey, Rosenfeld and Young admit that in 1993 the Chief Executive Officer ("CEO") of Frye Regional Medical Center, Inc. ("Frye"), formulated a plan to create a PHO that would include Frye and physicians who practiced at Frye.

These same Respondents also admit that Frye hired a health care consultant in connection with



16. Respondents PHA, Dillon, Guttler, Harvey, Kessel, Rosenfeld and Young admit that in 1994, PHA was incorporated and its shareholders elected a Board of Directors, composed of physician and hospital representatives from the PHA membership. These same Respondents

day-to-day operations of PHA, subject to approval by the PHA Board. All remaining Respondents lack knowledge and information sufficient to form a belief as to the truth of these allegations and, on that basis, deny each such allegation. All Respondents lack knowledge and information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 16 and on that basis, deny each such allegation.

20. Respondents PHA, Dillon, Guttler, Harvey, Rosenfeld and Young admit that PHA

established a Contracts Committee in 1994 which reviewed merger contracts. All remaining

Respondents lack knowledge and information sufficient to form a belief as to the truth of these

allegations and, on that basis, deny each such allegation. All Respondents admit that the

directors and two of the three hospital shareholders is required for actions requiring a super-

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"modified messenger model" that applied essentially to DIIA's method of contracting with

members of the PHA Board. In that capacity, the Physician Respondents admit that they participated in decisions of the PHA Board, which included whether or not to sign certain payor contracts, terminate certain payor contracts, and approve the development or use of certain fee schedules used in certain payor contracts. Respondents deny each and every remaining allegation of Paragraph 34 of the Complaint.

35. Respondents PHA, Guttler, Harvey, Rosenfeld and Yapundich admit that Drs.


Guttler, Harvey, Rosenfeld and Yapundich, as members of PHA's Board of Directors, prior to

that capacity, prior to 2001, Respondents PHA, Guttler, Harvey, Rosenfeld and Yapundich admit



Dated: January 20, 2004

Respectfully submitted,

By:   
**James H. Sneed**

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ATTORNEYS FOR RESPONDENTS

**CERTIFICATE OF SERVICE**

I, Linda M. Holleran, hereby certify that on January 20, 2004:

*Reviewed two series of Accounts of Dependent Disbursements II-14. All items have been*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

I caused a copy of Answer of Respondents Piedmont Health Alliance, Inc., et al., to Complaint of Federal Trade Commission to be served via facsimile transmission and followed by U.S. mail delivery to the following person:

Jeffrey Brennan, Esq.  
Assistant Director Health Care Services & Products  
Bureau of Competition  
Federal Trade Commission  
601 New Jersey Avenue, N.W.  
Washington D.C. 20580

  
Linda M. Holleran